

805 KAR 1:050. Surety bonds; requirements, cancellation.

RELATES TO: KRS 353.590

STATUTORY AUTHORITY: KRS Chapter 13A, 353.540, 353.550

NECESSITY, FUNCTION, AND CONFORMITY: Provide for methods of giving notice to operators and sureties of noncompliance. Establish requirements of release, cancellation and forfeiture of bonds.

Section 1. At any time the department causes a notice of noncompliance to be served upon an operator (principal) pursuant to KRS 353.590(7), copies of such notice shall be mailed by registered or certified mail to the surety company at the address provided to the Kentucky Office of Insurance for receipt of notices. The surety shall be afforded the opportunity to act in behalf of the operator (principal) within the time set forth in KRS 353.590(7) in regard to the proper plugging of the well or wells and submission of required well log and completion reports, electric logs, if run, and plugging affidavits. Should the operator (principal) and surety fail to comply within the time provided for in KRS 353.590(7) then and in that event only the bond shall be forfeited as provided in that section.

Section 2. An individual well bond shall be released upon the proper plugging of the well and the filing with the department of a plugging affidavit, well log and completion report and electric log, if run. A blanket bond shall be released upon the proper plugging of all wells of the operator (principal) covered by the bond, and the filing with the department of plugging affidavits, well logs and completion reports and electric logs, if run, for such wells.

Section 3. A blanket surety bond filed pursuant to KRS 353.590(5) may be cancelled by the surety by a communication in writing delivered personally or by registered or certified mail to the office of the Division of Oil and Gas, Department for Natural Resources, provided such cancellation shall be effective only to relieve the surety from liability under the bond for wells which permits have not been issued at the time of the receipt of the notice by the department. Liability under the bond for wells which permits have been issued prior to the receipt by the department of the notice shall not be affected by the cancellation. (OAG-Rg-6; 1 Ky.R. 633; eff. 4-9-75; Am. 18 Ky.R. 189; eff. 9-25-91; TAm eff. 8-9-2007.)